

Dept. of Administration
Brief Summary of Impacts of Final Legislative Budget
June 14, 2002

Dan Spencer, Director of Administrative Services 465-5655

Division of Finance **Total Reduction: 293,500 GF**

The Legislature eliminated 225,600 to add three new payroll system programmers and cut an additional \$67,900 needed to maintain the current staffing level.

The state's payroll system, AKPAY, is 12 years old and the software vendor has indicated that future maintenance releases will no longer support the existing underlying database management system. Before the next major maintenance update in FY2003/2004, the state must convert the AKPAY database from ADABAS to DB2. This is a very large project and is more than existing staff can handle. Without additional programmers, the probability of system failure is greatly increased.

The payroll system supports every activity of the State of Alaska. Its importance is reflected in two of the division's performance measures assigned by the legislature: system down time and amount of penalty pay. In the case of system failure, both of these measures will increase significantly.

Alaska Public Offices Commission **Total Reduction: 204,300 GF**

The Legislature cut funding for APOC to implement the campaign disclosure law changes passed by the legislature as an override of the Governor's veto of SB103 (Election Campaigns and Legislative Ethics). It also eliminated funding for election year activities, which has been included in the budget in the past during statewide elections, and covers some additional costs for positions.

This jeopardizes the Commission's ability to disseminate information to the public in a timely manner during the campaign. Campaign finance information is required by law to be provided to the Commission before the election but will most likely not be available until after the election has occurred. Without funding for printing, training, and support staff, the Commission will be unable to assist candidates and political groups to understand the changes to the campaign disclosure laws, which will likely result in costly complaints and substantial non-compliance.

Public Defender Agency **Total Reduction: 2,634,300 GF, GF/PR, & GF/MH**

The Public Defender was already short-funded, with \$613,000 of supplemental funding appropriated for FY02. The Legislature's budget means the Public Defender will need another supplemental appropriation next year of approximately \$1,000,000.

The courts assign cases to the Public Defender Agency and the Public Defender cannot refuse the cases. When assigned a case, the agency must provide *effective* assistance of counsel. A legislative audit concluded that as of April 1998 the Public Defender agency was 41 attorney positions short to handle its caseload. Caseloads have continued to grow since that time, without a corresponding increase in staff.

Office of Public Advocacy **Total Reduction: 2,291,800 GF & GF/MH**

This eliminates funding for the OPA to promptly compensate contract attorneys for their services in both civil and criminal representation of clients.

All OPA cases result from court appointments and OPA cannot refuse to take them. For 14 of the last 15 years, OPA has had to get supplemental funding to cover its costs. For FY2002, OPA received a supplemental of just over 2.2 million. There is no way OPA can hold to the Legislature's budget unless there is a huge, completely unforeseen caseload drop. In fact, OPA's caseload has been rising over the years. With this budget, OPA will need a supplemental of approximately 2.0 million again next year.

**Public Impacts of the FY2003 Final Legislative Budget
Department of Community and Economic Development
Prepared June 26, 2002**

Service Impacts to the Public:

Agency Wide Unallocated Reduction

- *Community and Business Development (\$113,100):*
Elimination of the Deputy Director position and associated support funds. Historically, this position has been staffed by a person with a strong background in the Tourism industry. This change will reduce, by approximately 30%, the division's ability to provide direct assistance to localities interested in developing tourism opportunities.
- *Division of Administrative Services/Commissioner's Office (\$54,900):*
The existing level of service is already at a bare minimum so this unallocated reduction will have to be charged out to all the divisions. This action will cause additional program impacts among DCED agencies already being reduced.
- *International Trade and Market Development (\$34,300):*
This reduction decreases the division's ability to promote the export of Alaska's goods and services through trade shows, trade missions, seminars and other "door-opening" activities that lead to expanded business for Alaska companies. Particularly hard hit will be the division's ability to conduct promotions at venues such as hotels, department stores and supermarkets overseas on behalf of Alaska value-added product makers including food and beverages, gifts and other goods. Also the division's ability to promote professional and technical services overseas on behalf of Alaska firms will suffer as a result of the budget reduction.
- *Occupational Licensing (\$10,300):*
This reduction will eliminate funding for the only remaining program supported by general fund program fees, the Athletic Commission, which regulates boxing and wrestling matches. Thus, administration of the program will end.
- *Rural Energy Operations & Circuit Rider Program (\$100,400):*
The Circuit Rider program provides limited emergency response and preventative maintenance to rural electric systems and on-site training to operators, which reduce the chances of power outages and costly emergency repairs. This 30% cut to the program will require that on-site training be discontinued and emergency response be available only from the limited funds of the electrical emergencies program.

Power Cost Equalization

- The governor requested \$12,799,700 from the Power Cost Equalization Endowment and \$2,034,00 in general funds to operate the PCE program. The Capital Budget appropriates \$12,799,700 from the PCE Endowment and \$2,122,900 from the Commercial Fishing Revolving Loan Fund (CFRLF) to operate the PCE program. The \$14,922,600, with an estimated year-end balance, would maintain the program

at the FY02 funding level of \$15.7 million. The CFRLF provides long-term, low interest loans to promote the development of predominantly resident fisheries, and continued maintenance of commercial fishing vessels and gear for the purpose of improving the quality of Alaska seafood products. While there is sufficient funds available within the CFRLF, the PCE Program clearly doesn't meet the stated purpose of the CFRLF.

- At the \$15.7 million level, the program would be pro rated to 85% for FY03, and PCE customers will pay an average rate of 21.85 cents/kilowatt hour (kWh) for electricity after applying the PCE credit. The governor proposed an additional \$3,093,400 to fund the program at 100% of the statutory formula level at which customers would pay an average of 18.67 cents/kWh, compared to the average Anchorage, Fairbanks and Juneau rate of 9.9 cents/kWh.

Alaska Science And Technology Endowment

- \$2,315,000 is being appropriated from the principal of the ASTF Endowment for the FY03 University of Alaska operating budget. Earnings from ASTF's \$101,204,000 endowment have historically averaged about 8% or \$8 million to cover ASTF matching grant program, operating budget, and legislative set asides of ASTF earnings. Since most ASTF funded projects match ASTF one-to-one, the amount of project funds lost can be roughly doubled, reducing funding to new projects and/or ongoing partner activities.

Key Governor's Initiatives Not Funded:

Alaska Economic Information System (AEIS)

- The AEIS brings together a vast array of state, federal and private data about the state's economy, resources and communities. It is a state of the art digital information system that users can directly access and use for business and community planning. The department will be unable to add additional information to the system or keep the system information up-to-date without additional funding.

New China Trade Representation

- China, with one of the world's fastest growing economies (GDP increase of 8-9% this year), is an opportunity for Alaska to grow and diversify from our traditional markets. Alaska's exports to China are currently only \$100 million annually. Having representation in China will help Alaska firms realize this potential.

Assistant State Assessor

- The State Assessor currently is unable to review all municipalities' valuation processes on a detailed basis. The assessor can only do several each year, resulting in some municipalities' valuations being inaccurate. Since the Full and True Value Determination is used for school funding purposes, inappropriate disparities will exist between communities.

Public Impacts of the FY2003 Final Legislative Budget

Department of Corrections

Prepared May 30, 2002

Service Impacts to the Public:

Because of legislative cuts, new programs for inmates will not be implemented even though they are critical to the reformation and socialization of offenders. This will increase the public safety risk of all Alaskans as offenders return to their communities upon release without this increased treatment and programming.

Short-funding community jail operations will make it difficult for rural jails to maintain their capabilities at a level necessary to support state offenders housed locally. Some local jail facilities may not be able to continue providing services under contract to the state and may have no choice but to close their facility, forcing the state to transport prisoners at greater expense to the nearest state institutional facility. Any local jail closure will impact the operations of the Alaska State Troopers, the Alaska Court System, Probation/Parole functions, the Department of Law, and local police departments.

Parole Board short-funding could backlog mandatory, discretionary, and special medical parole releases and revocations as the state's offender population continues to grow.

Medical staffing will have to be reduced at all institutions and professional services contracts will be cut for medical, dental and mental health services that are normally provided by local businesses where state institutions are located.

Key Governor's Initiatives Not Funded:

Failure to fully fund the programs for Children of Incarcerated Parents and for Dual Diagnosis Probationers and Parolees with Children will mean the Agency cannot create specialized caseloads for dual-diagnosed offenders (men and women with both mental illness and alcohol/drug abuse) with children to facilitate family reunification and stability. The Agency will not be able to assist incarcerated parents who have children, with employment, housing, health care, substance abuse programs, and parent-child counseling during their incarceration that will help them over-come additional obstacles upon release.

Public Impacts of the Final FY2003 Budget

Department of Education & Early Development

Prepared: June 6, 2002

Service Impacts to the Public:

The 4.5% reduction to agency staff and programs will result in the loss of approximately 16 positions that support the state's public education system.

Assessment

Students in the class of 2004 must pass the high school graduation-qualifying exam to receive a diploma. The exam contract with CTB-McGraw Hill is short funded by \$340,600 even though it has already been negotiated down from the original amount and cannot be reduced further.

With direction from the legislature to refine and refocus the exam to measure essential skills, the current year contract came in almost \$500,000 higher than estimated. Next year's estimated contract costs and establishing new proficiency levels will require \$770,000. Without full funding, the assessments will not be in place and ready for the class of 2004 in order for these students to receive a high school diploma.

Accountability

New laws requiring designation of schools based on data from districts cannot be implemented without staffing and contractual resources to collect, analyze, validate, and report meaningful, consistent data. The Education Funding Task Force recommended that department be given adequate resources but none of the \$730,000 in general funds is in the budget.

A consolidated data collection system and the personnel to use it effectively are critical to the school accountability system. We have access to a tremendous volume of data on students, teachers, and schools but without the resources to capture, store, analyze, and report the information, local and state policy makers will not be able to utilize this data in their decision-making. The ability to utilize meaningful data will significantly improve our educational system.

Vocational training

Programs will be cut at the Alaska Vocational Technical Center in Seward, which will reduce the number of trained Alaskan workers available for Alaskan jobs.

Alaska State Museum

The state museum will have to close for several months during the winter, eliminating access to school children and the public during those months.

Learning Opportunity Grants

Although the Department supports the addition of approximately \$10,968,900 for school districts, the addition to Learning Opportunity Grants (LOGS) does not use the

adjusted average daily membership formula which is in statute for both the foundation formula and quality schools grants. As a result, the additional funds do not take into account the higher costs and lack of economies of scale for smaller districts. Also, since LOGS are not a permanent part of the statutory education aid, school districts cannot count on receiving them from year to year. Funding through the public school funding program would ensure these funds would be available on an annual basis and allow districts to plan for and deliver effective instructional programs.

In the final moments of the special session, the legislature included an additional \$6,000,000 of funding for public schools to be allocated outside of the formula but utilizing the adjusted average daily membership calculation. While this funding will be helpful to district for educational programs and services, they are one-time revenues that will not be available on an annual basis. The governor had proposed statutory changes to increase the base student allocation within the public school funding formula so that increased funding would be available annually to allow districts to plan for and deliver effective programs.

Also, in the special session, \$1,340,923 was included for grants to school districts that are projected to lose funding in FY2003 due to the erosion of the funding floor in the public school foundation program. The governor had proposed legislation to suspend that eroding floor provision for one year pending the results of the study of district cost factors and possible changes to the funding formula to more accurately reflect the cost of providing educational services in all areas of the state. While this legislation did not pass, the inclusion of this funding for grants to the impacted districts will help to mitigate the impact of the eroding floor.

Library Operations

The proposed reductions to the state library will result in the loss of about 10% of its remaining staff, a staff that has already been reduced by 31% since 1988. Reductions will be incurred in all areas of service, including assistance to schools and libraries to access E-Rate subsidies, which generates between \$11-13 million in federal telecommunications funding. This is a complex and ever-changing program that our school districts and small public libraries will have difficulty accessing without this state assistance. This staff reduction also jeopardizes receipt of Gates Foundation funds for hardware, software, and training for public libraries statewide.

Public Impacts of the FY2003 Final Legislative Budget

Department of Environmental Conservation

Prepared May 24, 2002

Key Governor's Initiatives Not Funded:

Oil Safety and Development Initiative

The oil safety and development initiative promotes responsible development of Alaska's oil and gas resources. The budget passed by the Conference Committee funds only the air quality portion. Protection of water quality, spill response, and contingency planning and a full time presence on the North Slope are not funded. Failure to fund this initiative continues to mean that the State cannot adequately oversee current oil development, much less anticipated industry growth or the opening of ANWR.

Children's Environmental Health Initiative

Failed to fund children's environmental health initiative to address the fact that nearly one in twenty children has a developmental disability resulting from environmental exposures.

Public Impacts of the Legislature's FY2003 Budget

Department of Fish and Game

Prepared May 31, 2002

Service Impacts to the Public:

In 10 years the department's general funds have been cut by 27.4%, while each year more of the department's activities are impacted by growing federal funds and federal restrictions. 80% of the department's general funds are spent in commercial fisheries management, so again this year, a majority of the Legislature's \$306,300 unallocated cut will have to be spread through the four commercial fishing regions. Included in this reduction is the elimination of \$20,000 in general funds in the Division of Sport Fish for the Chitina dipnet fishery.

Non-game and watchable wildlife programs lost \$227,300 in general funds this year. This cut reduces the general funds for the Division of Wildlife Conservation by 87%. This funding has been used to satisfy a 3:1 match requirement for programs in wildlife education, research and monitoring of endangered species, management of species not hunted or trapped, and wildlife viewing programs.

The Legislature replaced general funds in the Division of Subsistence with a one-time funding source. Since Subsistence is a core function of state government that has historically been included in the base budget, general funds will have to be restored in FY 2004.

Key Governor's Initiatives Not Funded:

The department cannot respond effectively to increased oil and gas exploration and development activity on the North Slope and in the Cook Inlet area with timely permitting and adequate assurance that fish and wildlife resources will not be negatively impacted.

A habitat permitting and restoration center will not be established in the Mat-Su borough similar to the one on the Kenai River.

The Kenai River Center will not get an additional permitter to address the explosive growth in the number of permit applications in the lower peninsula. There is a need in this area to prevent additional impacts to important fisheries resources supporting the area's economy.

Office of the Governor
Impacts of the FY2003 Final Legislative Budget
Date: May 24, 2002
Prepared by: Michael Nizich

The budget reduces the Office of the Governor's general funds by \$1,605,600 from the Governor's amended budget request.

Program:	Dollar Amount(s):	Fund Source(s):
Unallocated reduction	(537,000)	General Fund

Impact Title: Shortfund personal services in departmental base budgets

Impact Analysis:

The unallocated cut of \$537,000 will reduce departmental employees by an estimated 9 full-time positions. This reduction will significantly reduce the resources available to a new governor in establishing the new administration and operations of the Governor's Office.

Program:	Dollar Amount(s):	Fund Source(s):
Unallocated reduction	(24,200)	Gen Fund Match
	<u>(243,400)</u>	General Fund
	(267,600)	Total

Impact Title: Lack of Funding for Year 3 Labor Costs

Impact Analysis:

Not funding the Year 3 Labor Costs will force vacant at least 3 departmental positions, and further impede the new administration.

Program:	Dollar Amount(s):	Fund Source(s):
Human Rights Commission	(148,900)	General Fund

Impact Title: Delete increment for additional positions and resources to address increased service demands

Impact Analysis:

Denial of the requested increment will have an adverse effect on the businesses and individuals the Commission assists. More and more businesses have asked the Commission for technical assistance and training to help prevent discrimination. Without the ability to meet the ever-increasing demand, the Commission will be forced to turn away most of these requests because of limited staff resources. Complaint filings

are again on the rise. Denial of the increment will require Alaskans who file complaints and the businesses charged with discrimination to wait longer for complaint resolution.

Program:	Dollar	Fund
Tribal Affairs	Amount(s):	Source(s):
	(390,000)	General Fund

Impact Title: Eliminate increment to establish the Office of Tribal-State Affairs.

Impact Analysis:

Denial of the requested increment will impede Executive Branch efforts to improve government-to-government relationships between the federally-recognized tribes and the state, and continue implementation of the Millennium Agreement.

Program:	Dollar	Fund
Governmental Coordination	Amount(s):	Source(s):
	(79,400)	General Fund

Impact Title: Deny additional Oil & Gas Consistency Review Position

Impact Analysis:

The increment would allow DGC to continue to provide an increased level of customer service in the area of oil and gas permitting. Without this increment, DGC will have to eliminate this position, lengthening the overall review time needed for state permits on oil and gas projects.

Program:	Dollar	Fund
Governmental Coordination	Amount(s):	Source(s):
	(350,000)	Federal Rcpts

Impact Title: Delete increment for increased federal funding of Alaska Coastal Management Program

Impact Analysis:

The federal FY2002 appropriations bill authorizes an additional \$350,000 for Alaska's participation in the coastal nonpoint source control program. Denying the increased authorization will delay the ability of local governments to access these funds for FY2003 projects.

Public Impacts of the FY2003 Final Legislative Budget

Department of Health and Social Services

Prepared May 28, 2002

Service Impacts to the Public:

All administrative units have a 3% cut to general fund with no allowance for FY03 labor cost increases. Absorbing these costs will result in fewer staff to provide program administrative support including processing of claims payments, vendor payments, etc.

Catastrophic and Chronic Illness Assistance (CAMA): (\$2.0) million cut to base

- Reduce by half the limited coverage of health services to approximately 600 poor Alaskans with terminal illnesses or one of four chronic illness: diabetes, seizure disorder, chronic mental illness, or hypertension. These recipients are unable to obtain any other assistance, private or public, and have no insurance.

Public Assistance Field Services: (\$457,200) base reduction to casework management

- Eliminates 17 existing positions that collectively manage an average of 4,600 public assistance program cases in Anchorage, Juneau, Fairbanks, Mat-Su, Kenai and Bethel. General fund reduction results in an additional loss of \$457,200 in federal participation.

Infant Learning Program (ILP): (\$500,000) reduction

- Adopted the proposal to change the program to needs based. It is unknown at this time whether a needs-based program for ILP will work. More work and research will need to be done.

General Community Mental Health Services: 3% or (\$877,900) reduction to grants

- Elimination of general mental health services statewide for services to over 9,720 emotionally disturbed adults and youth who do not reach the level of impairment to be classified as severely mentally ill or severely emotionally disturbed.

Family Preservation: (\$671,200) reduction to the base

- Includes (\$671,200) reduction to current base budget to Family Preservation grants designed to help children and families at risk or in-crisis.

Human Services Community Matching Grants: (\$438,500)

- Twenty-five percent reduction to the health and human services grants to Fairbanks North Star Borough and the Municipality of Anchorage. The reduction of grant funds to non-profit organizations will decrease services that address priority areas such as family dysfunction and mental and emotional problems.

Juvenile Probation Services: (\$203,100)

- A \$203,100 reduction to the base will critically impair the department's ability to respond to juvenile offense referrals and victim restoration efforts.

Formula Programs: (\$18.3) million reduction

- Increments for Formula programs were reduced by the following:
 - Adult Public Assistance (APA): (\$1,750,000), a 70% reduction in the increment to fully fund the program.
 - Foster Care Special Needs: (\$445,300), a 75% reduction in the increment to fully fund the program.
 - Subsidized Adoptions & Guardianship: (\$2,000,000), a 66% reduction in the increment to fully fund the program.
 - Medicaid: (\$14.1) million, a reduction of 38% in the increment to fully fund the program.

Key Governor's Initiatives Not Funded:

- Smart Start/Strong Future – Additional funding to programs for health, safety and success for Alaska's children were not funded.
- Alcohol Abuse and Alcoholism – No new funds available to address problems related to alcohol abuse and alcoholism.
- Formula programs not fully funded will result in supplemental requests.

Public Impacts of the FY2003 Final Legislative Budget

Department of Labor and Workforce Development

Prepared June 3, 2002

Service Impacts to the Public:

Eliminating all state Job Training Program funds will mean an unavoidable loss of job training services for 400 Alaskans, including 120 welfare clients. Cutting field staff jeopardizes \$24 million in future federal grants and compliance with current grants.

Key Governor's Initiatives Not Funded:

The northern region will continue to be without a dedicated electrical inspector.

Up to \$200,000 per year in wages lost through payroll errors will not be returned to Alaskan workers because of failure to fund two new wage and hour technicians. Instead, we will continue to have a complaint driven system, with less protection for Alaska's workers and with law-abiding contractors continuing to be at a competitive disadvantage.

Without a new industrial hygienist position and a new electrical inspector to deal with oil safety and development, employees in oil production industries may not be protected against hazardous materials and exposures in their work environments. The state cannot ensure that facilities erected or used during gas and oil production or development comply with the National Electrical Code and Uniform Plumbing Code.

Public Impacts of the Final Operating FY2003 Budget

Department of Law

Prepared June 26, 2002

Service Impacts to the Public:

The operating budget adopted by the legislature reduces the Department of Law's general fund request by \$2,506,100 from the Governor's amended budget request. \$1,604,200 represents a reduction from our budget in FY 02. A cut of this magnitude will result in the reduction of prosecution and other legal services attorney positions department wide. Included in the omnibus capital and supplemental bill (SB 2006) passed at the end of the legislative session is a provision allowing the agency to carryforward any unspent FY 02 funds from the Oil & Gas Litigation, Civil Division and Criminal Division appropriations. That authority will provide a fraction of the funds cut for just FY 03. Even with that authority, the need for supplemental funds is nearly certain in FY 03 to avoid unsustainable reductions.

Without restored funding in FY 2004, the District Attorneys will have to reduce prosecution for certain misdemeanors and non-violent crimes, such as driving with a suspended license, minors consuming alcohol, shoplifting and other low-level thefts, and malicious destruction of property. This will impact the property and pocketbooks of Alaskans who become victims of these types of crimes.

Without restored funding in FY 2004, the department will be unable to adequately defend or prosecute litigation in the areas of employment, labor relations, natural resources, and oil and gas; and the department will be unable to provide preventative legal advice to State agencies. It will increase the cost to the State of settlement of litigation because full case preparation will no longer be possible. Other agencies may make serious errors in the provision of services to the public without the benefit of legal advice no longer available due to budget cuts.

Last year's new alcohol laws on drunk driving, therapeutic courts, and victim restitution will not be fully implemented. Failure to adequately fund new staff required by the passage of drunk driving legislation will mean that fewer cases could be prosecuted or that charges will be reduced counter to the public's expectation. Less than adequate therapeutic courts funding will mean insufficient prosecutorial involvement in the program. Because the full amount of funding for victim restitution was denied, the restitution effort will fall far short of its goal of successfully tracking down convicted criminals and delinquents and making payment to victims who are due restitution.

Public Impacts of the FY2003 Final Legislative Budget

Department of Military & Veterans' Affairs

Prepared May 23, 2002

Service Impacts to the Public:

There is a \$113,400 general fund unallocated reduction to the Department of Military & Veterans' Affairs. The legislature included intent that the Assistant Adjutant General, an Air Guard position, be eliminated. This is a critical position to the mission of the Air Guard, and the department will evaluate other options available to meet this reduction.

Public Impacts of the FY2003 Final Legislative Budget

Department of Natural Resources

Prepared May 22, 2002

Service Impacts to the Public:

- There is a reduction to the Parks operations funding of \$186,100 from the current year. \$330,000 of the funds in the budget are one-time dollars included in the capital budget for operations. The impact of this 5% budget cut is the closure of 9 State Parks because there will be no funds to keep the toilets pumped, trash hauled, and no staff to prevent vandalism and dangerous activities such as bonfires and fireworks.

Parks to be closed -

Northern Area: Lower Chatanika, Chena Recreation Site.

Mat-Su Area: Kepler Bradley, King Mountain, Long Lake, Mat-Su Glacier, Big Lake North, Big Lake South, Rocky Lake.

- The value-added timber sale program was cut \$200,000 general funds or 12% cut.

Timber sales will have to be reduced in Interior Alaska. The average revenue per thousand board feet sold in southern southeast last year was three times that in the Interior. Division of Forestry would have to continue the more lucrative southeast sales to earn the full amount of timber sale receipts required to support the budget. Doing timber sales in the Interior that bring in lower prices would magnify the effects of the proposed cut.

The state timber sale program provides timber to local businesses for value-added processing. State timber fills a niche in the timber market that federal and private timber suppliers don't meet. **Cuts to the timber sale program will have immediate and long-term impacts on the supply of timber and costs of operation for local businesses in both the interior and southeast.**

- The Conference Committee reduced \$444,600 of general funds in a departmental unallocated reduction and a reduction to Administrative Services. The consequence of having to charge programs such as Mining, Timber, Oil & Gas, and Parks for unallocated reductions is an additional burden on top of direct cuts made to those resource programs.

Key Governor's Initiatives Not Funded:

- Failure to fund the Governor's request to improve State Park maintenance and safety, and fee collection increases the deferred maintenance problems in deteriorating park facilities. The maintenance increase would have helped provide safer and better-maintained parks, resulting in increased visitation and user fees.
- The requested increment for RS2477 easement management would have allowed DNR to adequately respond to public requests to locate, relocate, and vacate RS 2477 and other easements, was not funded. Without this increment, the public will not be served in terms of direct responses to their requests for assistance. Furthermore, if conflicts are not resolved, it is possible that easements will not be used and thereby put at risk the establishment of valid and continuous use of routes through private properties and federal withdrawals. In addition, response to easement vacations will be very slow, exacerbating the continued conflict among users and landowners.

The partial funding of the Oil Safety & Development Initiative and the Royalty Valuation project means loss or delays in securing millions of dollars of lease bonus and rental revenue. Programs, such as shallow gas leasing and exploration licensing, which bring in less immediate revenue would be drastically delayed. Last year, delays cost the state approximately \$10 million in deferred or lost revenue. These delays also have the potential to postpone exploration drilling and other exploration activities on state land.

Public Impacts of the FY2003 Final Legislative Budget

Department of Public Safety

Prepared May 29, 2002

Service Impacts to the Public:

Due to reductions to centralized administrative and oversight functions that must be absorbed by all public safety programs, residents of the State of Alaska will see further delays in the Troopers' ability to respond to reports of serious crimes.

The department will eliminate at least 1 position in the Division of Administrative Services, leave at least 3 troopers and/or regional public safety officer positions vacant in the Alaska State Troopers Division, and leave additional administrative and up to 9 fish and wildlife aide positions vacant in other divisions. In many areas this will require the Troopers to respond to only the most serious calls, including homicides, sexual assaults and other violent crimes. Patrols for drunk driving and other vehicle violations may be further reduced, endangering the public.

Protection of vulnerable fish and wildlife resources in the state will be reduced because Fish and Wildlife troopers will have to perform some essential field activities and patrols that are now done by seasonal aides. In addition, enforcement vessels and aircraft will be taken out of service, and critical commercial and sport fisheries will not be adequately patrolled if fuel prices remain at their current level or increase.

Children and others may not receive public fire safety education at current levels due to additional reductions in General Funds and a possible revenue shortfall within the Division of Fire Prevention. In addition, the division will reduce the frequency of inspections of schools and other public buildings, as well as reduce the amount of time spent in the field investigating fires. According to the most recent national statistics released by the Federal Emergency Management Agency, Alaska leads the nation in civilian fire deaths, fire property loss, and civilian fire injuries per 1,000 fires. (www.usfa.fema.gov/nfirs/)

Key Governor's Initiatives Not Funded:

The legislative budget rejected five troopers needed for child abuse investigations, fire safety inspectors for oil and gas facilities, and an avalanche warning and public education system.

Public Impacts of the FY2003 Final Legislative Budget

Department of Revenue

Prepared May 23, 2002

Service Impacts to the Public:

The Tax Division will have to absorb most if not all of the Conference Committee's unallocated reduction of \$133,900 for the Department of Revenue. The Tax Division is the department's only all-General Fund and General Fund Program Receipts budget. Taking the unallocated cut in any other division or agency at Revenue would result in an additional loss of matching federal funds or a corresponding loss of money from shared funding sources. The \$133,900 unallocated reduction in the Tax Division will result in a reduced level of some services.

Public Impacts of the Final Legislative FY2003 Budget

Department of Transportation and Public Facilities

Prepared May 24, 2002

Service Impacts to the Public:

The 6.2% reduction to agency programs will result in the loss of 70 positions.

Highways and Aviation

Snow removal in many areas of the state will be delayed 24 to 72 hours depending on the snowfall

Potholes, guardrails, brushcutting, and similar summer maintenance activity will be accomplished when time and resources permit.

No winter maintenance will be done on the Steese Highway from MP44 to Central.

No maintenance whatsoever will be provided on the following roads:

Northern Region –

Denali Highway, Fairbanks Creek, Faith Creek, Sourdough Creek, Eagle Creek, Miller/Harrison Creek, Porcupine Creek, Eureka Road, Tofty Road, Dexter By-Pass, Glacier Creek, Osborne, Big Hurrah, Ophir Creek, Pilgrim Hot Springs, Wooley Lagoon Roads, Ruby/Poorman Road.

Southeast Region –

Gustavus - Airport Road, Harbor Road

Yakutat - Bayview Drive, Lost River, Monti Bay

Haines - Lutak Road, Mud Bay, Allen Road, Comstock Road, Beach Road, Front Street, Lutak Spur, Menaker Road, Mosquito Lake, Piedad Road, Sawmill Creek, Small Tract

Petersburg - Crystal Lake Road, Falls Creek Road, Old Mitkof Hwy. Papkes Landing, Scow Bay Loop Road

Sitka - Eagle Way

Skagway - Sanitorium Road

Ketchikan - Cemetery Road, Cranberry Road, D-2 Loop, Knudson Cove, Knudson Spur, D-1 Loop, North Pt. Higgins, North Pt. Higgins Spur, Old South Tongass, Pond Reef Ext., Pond Reef Circle, Pond Reef Road, Potter Road, Power House, Roosevelt Spur, Shoreline Drive, South Pt. Higgins, South Pt. Higgins Spur, Sunset Drive, Totem Bite, Whipple Creek, White Road Spur, Wood Road

Juneau - Lemon Creek Spur, Auke Nu, Dotson's Landing, Montana Creek,
Nine Mile Creek, Otter Way, Pt. Stevens, Skater's Cabin
Kake - City Dock Road, Boat Harbor Road

No maintenance will be provided at the following airports:
Kasilof, Ninilchik, Quartz Creek, Lawing, Goose Bay, Sheep Mountain, Clear,
Chisotchina, Circle, Circle Hot Springs, Wiseman, Dahl Creek, Summit,
Boundary, Livengood, Salmon Lake, Copper Center and Tazlina.

Skwentna Airport will not have lighting.

General

The public will see the Department take more time to respond to their needs and inquiries.

University of Alaska
Impact Statement in Response to
FY2003 Final Legislative Budget
Date: May 29, 2002

Prepared by: Pat Pitney

The budget reduces the University of Alaska's general fund budget by \$8,989,700 from the Governor's amended budget request.

Program:	Dollar Amount(s):	Fund Source(s):
Non-Discretionary Cost Increases	<u>(\$ 1,516,400)</u>	General Fund
Maintaining Solid Foundation	(\$ 1,516,400)	General Fund
Keeping Pace with Technology	(\$ 774,000)	General Fund
Attracting and Retaining Alaska's Students	(\$ 1,750,000)	General Fund
Meeting Alaska's Employment Needs	(\$ 3,367,000)	General Fund
Preparing for Alaska's Economic Success	<u>(\$ 1,582,300)</u>	General Fund
New Initiatives Responding to State Needs	(\$ 7,473,300)	General Fund
Total Program Impact	(\$8,989,700)	General Fund

Impact Title: Short fund the Board of Regents' FY03 budget request

Impact Analysis:

Of the \$17 million increment in the Board of Regents' UA FY03 request, \$9.5 million is required for contract and policy salary increases and non-discretionary fixed costs. The Senate budget represents \$1,516,400 less than the amount needed to cover the extraordinary cost increases above the cost of normal inflation. These costs are not optional; they represent the normal increases involved with maintaining current services.

Without additional new state funding for the University, the University can maintain the status quo but will be unable to accommodate the planned additional academic programming. This includes lack of funding for new programs to recruit and retain additional students, meet Alaska's employment needs and prepare for Alaska's economic success; such as programming in health, applied health research, project management, natural resources, and engineering.

Additionally, in the Senate's increase of \$8 million in state funding, \$2.3 million is being provided with a one-time state-funding source. To maintain the current service level this one-time source must be applied to UA's FY03 base.